

The East Caribbean Financial Holding Company delivered another strong half year performance, demonstrating its resilience and ability to drive sustainable growth supported by our strong balance sheet, diversified business lines, strong governance framework and dedicated team. Net income for the half year to June 30, 2024, was \$38.4 million, or \$1.56 basic earnings per share. This compares to net income of \$28.2 million, or \$1.15 basic earnings per share for the half year June 2023.

We remain focused on our strategy and to this end, major accomplishments were realized in the half year. We increased our investment in technological initiatives this year as we believe that digitization will be a major aspect of the way financial institutions deliver services to customers. In this regard, we continue work on the implementation of a customer relationship management software which we intend to implement before the end of the third quarter to enhance and manage how we interact with our customers.

We are currently enhancing our digital branch operations for greater efficiency. We have projects focused around artificial intelligence, including the introduction of a chatbot in our customer contact center to address standard customer queries. More AI focused projects will be undertaken in the ensuing year.

The group's Balance Sheet grew over the six-month period, moving from \$3.0B in December 2023 to \$3.2B in June 2024, an increase of \$262.2M or 8.8%. This growth was driven primarily by customer deposits, which moved from \$2.4B in December 2023 to \$2.8B in June 2024, an increase of \$371.9M, signaling our customers' continued confidence in the Group. The growth in deposits was utilized in the pursuit of new investment opportunities and meet loan disbursements.

The productive loan portfolio has grown \$53.0M since December fueled by growth in the retail loan portfolio. We are currently pursuing a number of promising prospects which we

anticipate will come to fruition by the end of the financial year, thereby giving a substantial boost to our loan portfolio. The Non-Performing Loan (NPL) portfolio declined \$12.4M from December 2023. The NPL ratio also reduced from 9.2% in December 2023 to 7.5% at June 2024 signaling continued success in our recovery efforts complemented by improvement in loan quality and underwriting.

The investments portfolio recorded a net increase of \$54.0M. We hold significant investments in short term instruments and our current focus is on placements in longer term securities to lock in favorable rates in advance of the Federal Reserve's rate cuts which are seen as imminent given the easing of inflationary pressures in the United States.

With our new mantra of empowering people to succeed in every aspect of their lives, we have recently launched several exciting new mortgage loan campaigns that are segmented to meet customer needs at various stages of their life cycles. A number of other customer-centric campaign initiatives will be launched within the third quarter.

Our newly launched BOSL Fund Management Company (BFMC) which focuses on wealth management continues to make strides in that segment of the market and you can expect to see greater drive and sensitization about our new wealth generating products.

INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2024

(Expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2024 \$'000	(Audited) December 31 2023 \$'000	(Unaudited) June 30 2023 \$'000	12 mths Change %
Assets				
Cash, balances with Central Bank	393,624	274,084	263,688	49%
Due from other Banks	564,618	508,924	298,590	89%
Financial assets held for trading	55,596	15,375	48,645	14%
Deposits with non-bank financial institutions	30,545	16,841	15,126	102%
Loans and advances to customers	906,303	859,465	900,384	1%
Investment Securities	948,822	935,072	953,336	0%
Investment in associated undertaking	74,576	76,885	66,340	12%
Property plant and equipment & intangibles	70,798	70,346	68,556	3%
Right of use leased asset	728	971	1,213	-40%
Investment properties	31,282	31,282	31,748	-1%
Other assets	156,619	182,067	112,587	39%
Income tax recoverable	-	-	632	0%
Retirement Benefit Asset	14,738	14,738	14,612	1%
Total assets	3,248,249	2,986,050	2,775,457	17%
Liabilities				
Deposits from banks	18,021	22,429	21,752	-17%
Due to customers	2,761,938	2,390,000	2,314,766	19%
Borrowings	-	26,293	32,758	-100%
Preference shares	4,150	4,150	4,150	0%
Other Liabilities	80,250	179,064	91,028	-12%
Lease Liability	843	1,088	1,258	-33%
Dividends Payable	291	581	291	0%
Income Tax Payable	249	4,458	-	0%
Deferred tax liabilities	2,148	2,149	1400	0%
Total Liabilities	2,867,890	2,630,212	2,467,403	16%
Shareholder' Equity				
Share capital	170,081	170,081	170,081	0%
Contributed capital	1,118	1,118	1,118	0%
Fair value through OCI reserve	(24,067)	(24,852)	(38,797)	-38%
Revaluation reserve	26,428	26,428	26,428	0%
Reserves	192,969	192,969	183,044	5%
Accumulated deficit	(24,584)	(84,569)	(62,020)	-60%
Profit for the period after taxes	38,414	74,663	28,200	36%
Parent shareholders' equity	380,359	355,838	308,054	23%
Total equity and liabilities	3,248,249	2,986,050	2,775,457	17%

Approved by the Directors on March 26, 2024



Evaristus Jn Marie

Chairman



Rolf K. Phillips

Managing Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024

(Expressed in thousands of Eastern Caribbean dollars)

	Ordinary Shares \$'000	Contributed Capital \$'000	Reserves \$'000	Revaluation Surplus \$'000	Fair value through OCI securities	Accumulated Deficit \$'000	Total Equity \$'000
Balance at 1 January 2023	170,081	1,118	183,016	26,428	(43,895)	(62,020)	274,728
Total comprehensive income for the year	-	-	-	-	19,043	74,255	93,298
Transfers to reserves	-	-	9,908	-	-	(9,908)	-
Dividends paid	-	-	-	-	-	(12,233)	(12,233)
Contributions	-	-	45	-	-	-	45
Balance at 31 December 2023	170,081	1,118	192,969	26,428	(24,852)	(9,906)	355,838
Balance at 1 January 2024	170,081	1,118	192,969	26,428	(24,852)	(9,906)	355,838
Total comprehensive income for the period	-	-	-	-	785	38,414	39,199
Dividends paid	-	-	-	-	-	(14,678)	(14,678)
Balance at 30 June 2024	170,081	1,118	192,969	26,428	(24,067)	13,830	380,359

Return on assets and return on equity were 2.5% and 20.9% respectively, an improvement from the comparative period of 2.1% and 19.4%. The ratios benefited from the higher profits which supported the growth in assets and equity. We continue to maintain strong levels of liquidity and robust capital adequacy levels in excess of the ECCB's requirement.

We remain grateful to our stakeholders including our dedicated and committed staff, loyal customers and patient shareholders.

INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024

(Expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6mths to June 30, 2024 \$'000	(Audited) 12 mths to December 31, 2023 \$'000	(Unaudited) 6mths to June 30, 2023 \$'000	12 mths Change %
Continuing Operations				
Interest income	58,216	102,615	49,496	18%
Interest expense	13,699	26,950	13,141	4%
Net interest Income	44,517	75,665	36,355	22%
Other Income	46,268	88,324	39,242	18%
Operating Income	90,785	163,989	75,597	20%
Impairment recovery- loans & investments	(3,158)	(10,831)	(1,365)	131%
Other operating expenses	48,746	87,998	43,785	11%
Profit for the period before taxation & dividends	45,197	86,822	33,177	36%
Dividends on preference shares	-	291	-	0%
Provision for income tax	6,783	11,867	4,977	36%
Profit for the Period	38,414	74,663	28,200	36%
Earnings per share				
-basic	1.56	3.05	1.15	
-diluted	1.51	2.95	1.11	

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024

(Expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6mths to June 30, 2024 \$'000	(Audited) 12 mths to December 31, 2023 \$'000	(Unaudited) 6mths to June 30, 2023 \$'000
Operating Activities			
Profit after income tax	38,414	74,663	28,200
Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	204,738	171,238	38,614
Cash flows from operating activities	243,152	245,901	66,814
Cash flows used in investing activities	(115,513)	(83,563)	(5,486)
Cash flows used in financing activities	(40,885)	(25,275)	(6,553)
Net increase in cash and cash equivalents	86,755	137,063	54,775
Cash and cash equivalents at beginning of period	371,220	234,157	234,157
Cash and cash equivalents at end of period	457,975	371,220	288,932

OVERVIEW OF FINANCIAL PERFORMANCE

Several factors contributed to the increased net income of \$10.2M or 36.2% for the 2024 half year compared to the corresponding period for 2023.

Net interest income was reported at \$44.5M in June 2024 an increase of 22.5% or \$8.2M from June 2023. This was largely attributed to 40.4% or \$8.6M growth in interest income from investments and bank deposits as we continued to reap the benefits of high US benchmark interest rates along with increased liquidity from deposit growth. Increase in interest expense was contained to 4.8% or \$620K over June 2023 despite an increase in customer deposits of 19.3% over June 2023 as most of the deposit growth were non-interest-bearing demand deposits. The early repayment of our 7.25% subordinated debt also had a positive impact on interest costs.

Fee and commission income realized a 67.1% or \$9.6M increase over the comparative 2023 period driven by increased client transactions including both volume and usage increases in our card business.

Our recovery income fell below the prior year by 51.7% or \$3M as all the planned recovery activities have not materialized. Our lending portfolio continues to improve and testament to this is the write back of \$2.7M of provisions for the half year an improvement of 270.5% over last year.

Operating costs increased \$3.7M or 9.9% driven by increased software licenses, maintenance expenses on premises and expenses incurred in pursuit of strategic initiatives.

Our first half of the year performance highlights our ability to generate strong sustainable growth through strategic investments, innovation, customer centric initiatives and a commitment to effective balancing of risks and rewards.